



## Prohibited Purchases & Security

- Prohibited Purchasing Actions
- Prohibited Purchases
- Legal Purchases
- Special Attention Items
- Improper Purchases

Next, we are going to look at types of purchases, card usage, and card security issues.

These topics include:

- Prohibited Purchasing Actions
- Prohibited Purchases
- Legal Purchases
- Special Attention Items
- Improper Purchases




## Prohibited Purchases & Security




- Prohibited Purchasing Actions
- Prohibited Purchases
- Legal Purchases
- Special Attention Items
- Improper Purchases
- Improper Use
- Declined Card
- Purchase Card Security
- Lost/Stolen/Compromised Cards
- Departure of Purchase Card Personnel

- Improper Use
- Declined Card
- Purchase Card Security
- Lost – Stolen – and Compromised Cards
- And Departure of Purchase Card Personnel

Let's start with Prohibited Purchasing Actions.




## Prohibited Purchasing Actions



➤ Cash Refunds

- ❑ Cardholder cannot accept
- ❑ Apply credit to account only




**No Cash Refunds**


Here an example of a prohibited purchasing action.

Under no circumstances will the Cardholder accept a cash refund for non-receipt of, returned, or damaged items initially purchased using a GCPC.

The Cardholder can only accept a credit to the account.




## Prohibited Purchasing Actions



➤ Cash Refunds


- ❑ Cardholder cannot accept
- ❑ Apply credit to account only



**No Cash Refunds**

➤ Merchant Rebates, Incentives or Gift Cards/Checks



- ❑ Cardholder cannot accept
- ❑ If received, A/OPC must destroy



**No Rebates, Gift Cards or Checks**

Under no circumstances will the Cardholder accept merchant gift cards/checks, merchant rebates, or other purchase incentives that can be converted to personal use or if used may be perceived as showing favoritism to a particular merchant and not providing fair opportunity to all merchants.

If received, these items must be turned over to the A/OPC for destruction and disposal.



# Prohibited Purchases

1. Items or services not for government use or of a personal nature

Now that you know about prohibited purchasing actions, let's talk about items that cannot be purchased.

Here is a list of purchases that are prohibited by DON Purchase Card policy:

1. Items or services not for government use or of a personal nature such as fines, court costs, bail and bond payments, alimony, child support, dating and escort services, casino gaming chips, off-track betting, travel or travel-related expenses, tax payments, payment of salaries and wages, gifts, and mementoes.



## Prohibited Purchases



1. Items or services not for government use or of a personal nature
2. Monetary items or financial services
3. Buildings and/or land or lease of long term rental
4. Commercial vehicles
5. Repair of GSA leased vehicles
6. Transportation of household goods
7. Aircraft fuel and oil
8. Purchases from vendors who are military or civilian employees of the Government

2. Monetary items or financial services such as wire transfers, savings bonds, gift cards, money orders, travelers' checks, and foreign currency.
3. Buildings and/or Land or Lease of a Long-Term Rental. Long term is defined as one month.
4. Commercial Vehicles. Sales, rental and/or lease of vehicles to include boats, vessels, and helicopters are prohibited.
5. Repair of GSA-leased vehicles.
6. Transportation of household goods.
7. Aircraft fuel and oil cannot be purchased using the Government Commercial Purchase Card but should be purchased using the AIR Card.
8. Purchases from vendors who are military personnel or civilian employees of the Government.



## Legal Purchases



Appropriation Law and specific statutory authority are guiding considerations when determining what may or may not be purchased using the GCPC

- GAO Red Book provides guidance on Appropriation Law
- Additional approvals may be required before purchase
- DON GCPC Desk Guide, NAVSUPINST 4200.85 (series) and NAVSUPINST 4200.99 (series) provide guidance
- Consult the local Office of General Counsel for additional guidance

Appropriation Law and specific statutory authority are guiding considerations when determining what may or may not be purchased using the GCPC.

Guidance on application of appropriation law is available in the GAO Principles of Federal Appropriations Law, commonly referred to as the Red Book.

Procurement and supply policies may require additional approvals before purchasing some items to ensure safety, compatibility, or compliance with non GCPC policies.

The DON GCPC Desk Guide, NAVSUPINST 4200.85 (series) and NAVSUPINST 4200.99 (series) also provide guidance on what may or may not be purchased.

Consult the local Office of General Counsel for additional guidance regarding special purchase requirements.

Next we will discuss a few purchases that may require special attention.





## Special Attention Items

- Food
- HAZMAT
- Seasonal Decorations
- Business Cards
- Office Decorations
- Official/Unofficial Ceremony Purchases
- Commercial Training
  - Invitation Printing
  - Clothing
- Conference Fees
- Command Coins
- Sustainment Items





Here is a partial list of Special Attention items that may have additional requirements for purchasing and may require a closer look.

You must be familiar with Appropriations Law and your command IOP regarding the purchase of special attention items.

The Purchase Card portion of the CCPMD web contains a Knowledge Nugget which provides guidance for using the GCPC when purchasing many of these special attention items.







## Improper Purchase

- Improper Purchase is any purchase that should not have been made or that was outside the Cardholder's delegated authority
- The following are considered improper purchases:

### Improper Purchases

An improper purchase is any purchase that should not have been made or that was outside the cardholder's delegated authority.

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## Improper Purchase

- Improper Purchase is any purchase that should not have been made or that was outside the Cardholder's delegated authority
- The following are considered improper purchases:
  - ❑ Exceeds Minimum Need
  - ❑ Personal Use
  - ❑ Exceeds Authorized Limit
  - ❑ Split purchase



Anything that exceeds Minimum Need

As example is - The Cardholder has a requirement for planners. Instead of using EMALL or Servmart to purchase generic planners, the Cardholder purchases Franklin Covey planners.

A purchase for personal use; the Cardholder go to the movies and uses their GCPC to purchase movie tickets.

Exceeds the authorized limit – Here the Cardholder makes purchases which exceed the limits defined in their Letter of Delegation.

In a Split purchase – The Cardholder has a known requirement that exceeds their single purchase limit and they split the requirement into two purchases.



## Improper Purchase

- Improper Purchase is any purchase that should not have been made or that was outside the Cardholder's delegated authority
- The following are considered improper purchases:
  - ❑ Exceeds Minimum Need
  - ❑ Personal Use
  - ❑ Exceeds Authorized Limit
  - ❑ Split purchase
  - ❑ Prohibited Item
  - ❑ Failure to Use Required Sources
  - ❑ Unauthorized Use

When the Cardholder uses their GCPC to pay for transportation expenses, that's an example of Purchasing Prohibited Items

Failure to use required sources happens when the Cardholder purchases pens directly from Staples instead of using the AbilityOne procurement list.

An example of Unauthorized Use would be when the Cardholder is on vacation and allows the Approving Official to make purchases in their absence.

For more details on these types of improper purchases refer to NAVSUPINST 4200.99 Series.



## Improper Use



- All program participants are responsible to ensure the GCPC is used properly and only for authorized purchases
- AOs/COs must report all improper, fraudulent, abusive, or negligent use of the GCPC to the A/OPC
- Improper use is tracked using the DON approved data mining tool



**Constant management oversight is required**

It is the responsibility of all program participants to ensure the GCPC is used properly and only for authorized purchases.

AOs/COs must report all improper, fraudulent, abusive, or negligent use of the GCPC to the A/OPC so appropriate corrective action can be taken.

Improper use is tracked using the DON approved data mining tool.


Preventing improper use of the GCPC requires constant management oversight.



## Declined Card

### Why was my card **Declined** ...?

- Limits in the bank system
  - ❑ Cardholder Single Purchase Limit



Why was my card **declined**?

You may have an instance when your card is declined.



There are multiple reasons why this may occur.

One reason is the bank system contains limits that cannot be exceeded for the purchase to be approved.

Cardholder accounts have two limits that can cause a purchase to decline.

The Cardholder Single Purchase Limit is used to limit the amount of a single transaction.


This limit is normally set to the micro-purchase threshold but cannot exceed the amount specified in the Cardholder's Letter of Delegation.



## Declined Card

### Why was my card **Declined** ...?

- Limits in the bank system
  - ❑ Cardholder Single Purchase Limit
  - ❑ Cardholder Monthly Cycle Limit
  - ❑ AO Monthly Cycle Limit



The Cardholder Monthly Cycle Limit is used to limit the amount spent during the cycle.

These limits are normally determined by command budget or expected requirements but cannot exceed the Cardholder Letter of Delegation.



Cardholder limits reset at the end of each billing cycle.

Purchases may also decline due to the Monthly Cycle Limit on an AO account.

The AO Monthly Cycle Limit is used to limit the total amount spent by all subordinate Cardholders.

This amount is normally set to twice the sum of all subordinate Cardholder credit limits and resets when payments post to the account.






## Declined Card

### Why was my card **Declined** ...?

- Limits in the bank system
  - ❑ Cardholder Single Purchase Limit
  - ❑ Cardholder Monthly Cycle Limit
  - ❑ AO Monthly Cycle Limit
- Merchant Category Code (MCC)
  - ❑ Exclusion Template
  - ❑ May need a Forced Authorization



Another reason for a declined card is the merchant may be designated with a Merchant Category Code (MCC) that excludes a purchase from being approved.



All Cardholder accounts are initially established to exclude purchases with merchants that the Navy would not normally do business with.

If you need to make a valid purchase from an excluded merchant, the HL3 A/OPC has to contact the bank and approve a forced authorization.

After the forced authorization is approved, the merchant will need to contact the bank's customer service to obtain a verbal approval code for the charge.

The merchant will then be able to manually enter the authorization code into their terminal to process the transaction.






## Declined Card

### Why was my card **Declined** ...?

- Limits in the bank system
  - ❑ Cardholder Single Purchase Limit
  - ❑ Cardholder Monthly Cycle Limit
  - ❑ AO Monthly Cycle Limit
- Merchant Category Code (MCC)
  - ❑ Exclusion Template
  - ❑ May need a Forced Authorization
- Country code restriction



A card may also be declined due to a country code restriction requested by the A/OPC.

It is common for Cardholder accounts that do business only with merchants in the United States to block transactions from foreign merchants.

This is done to prevent external fraud that originates outside the United States.



## Purchase Card Security



- Protect physical card **AND** account information
- Secure all documents that contain account numbers or expiration dates
- **DO NOT** transmit full account information via fax



It is the responsibility of each Cardholder to physically secure their Purchase Card **and** its account information.

The Cardholder **must** take care to protect not only the physical card but also to protect the vital card information.

The Cardholder must secure all documents that contain card numbers and expiration dates.

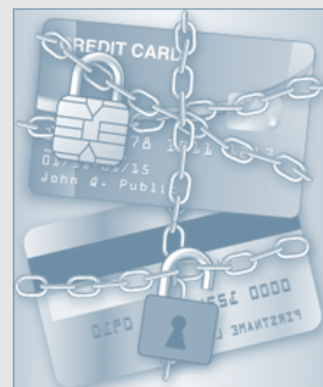
Additionally, Cardholders may not transmit their full account information via fax



## Purchase Card Security




- Protect physical card **AND** account information
- Secure all documents that contain account numbers or expiration dates
- **DO NOT** transmit full account information via fax
- Password protect or encrypt full account information when sending via email
- **DO NOT** let others use your Purchase Card




They should also password protect or encrypt full account information when sending by email.


Under no circumstances is it acceptable for the Cardholder to loan the Purchase Card to anyone to make purchases.



## Lost/Stolen/Compromised Purchase Card





- Immediately notify the bank, the AO and A/OPC if your card is **lost, stolen** or **compromised**
- Complete and submit a Declaration of **Unauthorized Use Form** to the bank



If your card is lost, stolen or compromised, immediately contact the card issuing bank Help Desk, the AO and the A/OPC.


Complete and submit a Declaration of Unauthorized Use Form to the bank.

The card issuing bank will take appropriate action to prevent the missing card from being used.



## Departure of Purchase Card Personnel



- Cardholders and AOs should inform the A/OPC immediately upon knowing they are leaving the program or changing GCPC roles
- Follow directions in the Activity IOP to:
  - ❑ Close Cardholder/convenience check accounts
  - ❑ Destroy cards and convenience checks
  - ❑ Reconcile AO accounts
  - ❑ Rescind GCPC appointments



It is the responsibility of all GCPC participants to inform the A/OPC of their pending departure from the Activity due to retirement, reassignment or a change in GCPC roles.

Follow directions in the Activity IOP for closing Cardholder or convenience check accounts, destroying cards and convenience checks, reconciling AO accounts and rescinding GCPC appointments.

It is important to inform the A/OPC as soon as possible to maintain the ongoing integrity of the Purchase Card Program.




## Knowledge Check

A Cardholder can lend their Purchase Card to someone else in their office to make a valid purchase.

☐ True

☐ False





OK, it's time for your final Module 2 Knowledge Check.

Here's your first question.

True or False?

A Cardholder can lend their Purchase Card to someone else in their office to make a valid purchase.





## Knowledge Check


A Cardholder can lend their Purchase Card to someone else in their office to make a valid purchase.

☐ True

☒ False

**This is False**

The Purchase Card can only be used by the person it is issued to.



Of course, this is a false statement.

The Purchase Card can only be used by the person to whom card was issued.





## Knowledge Check



Regardless of price, Cardholders must purchase from the "AbilityOne Procurement List" if the item is available.



☐ True

☐ False



Here is another True-False question.

Regardless of price, Cardholders must purchase from the "AbilityOne Procurement List" if the item is available.




## Knowledge Check

Regardless of price, Cardholders must purchase from the “AbilityOne Procurement List” if the item is available.

☒ True

☐ False

True is the correct answer



Yes, this is a true statement.

It is the law to meet requirements if available from the AbilityOne Procurement List regardless of the price.



## Knowledge Check



Which of the following is not an accurate statement?

- ☐ The CH should protect account information
- ☐ The CH should secure all documents that contain account numbers or expiration dates.
- ☐ The CH may transmit full account information via fax or email.
- ☐ The CH should not let others use their Purchase Card.



Here is a multiple choice question.


Check the box to indicate which of the following is not an accurate statement?



## Knowledge Check



Which of the following is not an accurate statement?

- ☐ The CH should protect account information
- ☐ The CH should secure all documents that contain account numbers or expiration dates.
-  ☒ The CH may transmit full account information via fax or email.
- ☐ The CH should not let others use their Purchase Card

The Cardholder may **NOT** transmit full account information via fax or email



The correct answer is, "The cardholder should not transmit full account information via fax".



## Knowledge Check





Which of the following is not a mandatory entry on a purchase log?

- ☐ Description of item
- ☐ Merchant name
- ☐ Purchase amount
- ☐ Time of receipt
- ☐ Receipt Date



Which of the following is not a mandatory entry on a purchase log?




## Knowledge Check

Which of the following is not a mandatory entry on a purchase log?

- ☐ Description of
- ☐ Merchant name
- ☐ Purchase amount
- ☒ Time of receipt
- ☐ Receipt Date

Time of receipt is  
**NOT** a required log  
entry.



If you chose 'Time of receipt' you are correct. It is NOT a mandatory entry on a Purchase Log.



## Knowledge Check



Which of the following are prohibited purchasing actions and under no circumstances should a Cardholder accept them.

- ☐ Cash refunds
- ☐ Gift cards
- ☐ Merchant rebates
- ☐ All of the above



Here is your final question for Module 2.

Which of the following are prohibited purchasing actions and under no circumstances should a Cardholder accept them.





## Knowledge Check



Which of the following are prohibited purchasing actions and under no circumstances should a Cardholder accept them.

- ☐ Cash refunds
- ☐ Gift cards
- ☐ Merchant rebates





All of the above

**ALL** of the above  
are prohibited  
purchasing actions



All the items listed are prohibited purchasing actions and under no circumstances should a cardholder accept any of them.



## Module Review

- Purchase cards must be used legally and ethically
- Use the GCPC to pay for supplies, services or construction at or below the micro-purchase threshold
- GCPC may be used as a Method of Payment to pay for a contract order above the micro-purchase threshold placed by a warranted contracting officer

This was a large and important module.

It covered the guidelines associated with legal, ethical and proper Purchase Card use.

DOD and DON policy both state that the GCPC should be used to purchase and pay for supplies, services, or construction for official government business valued below the micro-purchase threshold.

We discussed the use of the GCPC as a method of payment in conjunction with other contracting vehicles for amounts above the micro-purchase threshold when authorized.



## Module Review



- Purchase cards must be used legally and ethically
- Use the GCPC to pay for supplies, services or construction at or below the micro-purchase threshold
- GCPC may be used as a Method of Payment to pay for a contract order above the micro-purchase threshold placed by a warranted contracting officer
- Must have a legitimate government need
- Check and use required sources of supplies/services and support federal socioeconomic programs when available

We also looked at the statutory requirements regarding an approved legitimate government need, the minimum requirement to meet the need, verification of funding availability, and the fact that a requirement cannot be split to circumvent acquisition thresholds.

We discussed checking and using required sources of supply and services which include purchasing AbilityOne items or using Federal Supply Schedule contracts.

Use of the GCPC must support government programs for buying green products, purchasing from small business, and making sure electronic and information technology items are Section 508 compliant.



## Module Review



- Purchase cards must be used legally and ethically
- Use the GCPC to pay for supplies, services or construction at or below the micro-purchase threshold
- GCPC may be used as a Method of Payment to pay for a contract order above the micro-purchase threshold placed by a warranted contracting officer
- Must have a legitimate government need
- Check and use required sources of supplies/services and support federal socioeconomic programs when available
- Must follow DON directed procurement policy

We addressed the DON directed procurement policy which is to use automated purchasing systems such as DOD EMALL, GSA Advantage and VA.gov.

We also discussed DON strategic sourcing policy that requires CONUS Cardholders to purchase office supplies and incidental janitorial and sanitation supplies from DOD EMALL or the local ServMart.

Another DON strategic sourcing requirement is to purchase wireless devices using the nationwide wireless contracts awarded by NAVSUP Fleet Logistics Center San Diego using the GCPC as a method of payment.

Furniture requirements should be procured using the Fleet Logistic Center Norfolk suite of Blanket Purchase Agreements.

Finally, DLA Document Services should be used to meet printing and duplication requirements.



## Module Review



*...continued*

- Ensure the GCPC is used properly and used only for authorized purchases
- Ensure availability of sufficient funds
- Ensure Separation of Function to prevent personal conflicts of interest and reduce fraud, waste and abuse

Let's continue by reviewing the purchasing process.

The purchasing process begins with ensuring the card is used only for authorized government requirements.

The Cardholder must ensure sufficient funds are available before making a purchase.

Acquisition regulations require a 3-way separation of function to prevent personal conflicts of interest and reduce fraud, waste and abuse.

Remember, a separate individual may perform only one of the following functions:

Initiate the requirement,

Award the purchase action

Or receive, inspect and accept the supplies or services.



## Module Review



*... continued*

- Ensure the GCPC is used properly and used only for authorized purchases
- Ensure availability of sufficient funds
- Ensure Separation of Function to prevent personal conflicts of interest and reduce fraud, waste and abuse
- Maintain a Purchase Log to record accurate and detailed transaction records
- Retain financial documents ten years for audit purposes

It is important to maintain a Purchase Log to provide accurate and detailed records of all Cardholder purchases.

The Purchase Log supports the integrity of the purchase, provides an audit trail and is used to reconcile the bank statement.

For audit purposes complete and accurate financial documentation must be maintained.

Financial documents must be retained for ten years.

Refer to your command IOP for guidance on electronic storage procedures.



## Module Review



*...continued*

- Protect physical card and account information
- Secure documents that contain account numbers
- Do not let anyone use your card
- Notify the bank, the AO and the A/OPC immediately if card is lost/stolen/compromised
- Notify AO and A/OPC when CH duties are terminated

Finally, in this module we also addressed the importance of keeping your Purchase Card secure.



You must not only protect the physical card but also protect the vital card information.

Cardholders should never loan their Purchase Card to anyone to make a purchase.

If your card is lost/stolen/compromised, immediately notify the bank, the AO and the A/OPC.

As soon as a Cardholder knows their impending departure of termination they must notify the AO and the A/OPC.





# Module Objectives Review

- Understand Purchase Card ethical and legal requirements
- Define authorized use and thresholds

Let's review the eight objectives we covered in Module Two of the DON Purchase Card course

We explained that Purchase Card program participants are entrusted to make informed, legitimate acquisitions.

It is the responsibility of each program participant to know and follow all ethics regulations.

We stated that a Government Commercial Purchase Card may only be used by the person to whom the card was issued within the limits of their delegated authority.

Use by anyone other than the issued Cardholder is considered unauthorized use.

We also discussed the micro-purchase threshold.



## Module Objectives Review





- Understand Purchase Card ethical and legal requirements
- Define authorized use and thresholds
- Review procurement requirements and DON directed procurement policy
  - ❑ Statutory Requirements
  - ❑ DOD Procurement Requirements
  - ❑ DON Direct Procurement Policy
  - ❑ Financial Management Requirements
  - ❑ Administrative Requirements

A proper purchase is any authorized purchase that was made in a correct amount under specific requirements.

There are five requirements to meet proper use.

They are Statutory and DOD procurement requirements, DON Direct Procurement Policy, Financial Management Requirements and Administrative requirements.



## Module Objectives Review

- Understand Purchase Card ethical and legal requirements
- Define authorized use and thresholds
- Review procurement requirements and DON directed procurement policy

A Government source of supply is the first priority for meeting requirements.

DON Procurement policy requires use of government sources prior to commercial sources if the requirement can be met for a lower cost or faster delivery.

Policy requires purchase of items on the AbilityOne Procurement List from an AbilityOne participating non-profit agency if available within the timeframe required.

Cardholders should use Federal Supply Schedule (FSS) contracts if the requirement can be met at a lower cost or faster delivery.



## Module Objectives Review



- Understand Purchase Card ethical and legal requirements
- Define authorized use and thresholds
- Review procurement requirements and DON directed procurement policy
- Understand financial management and administrative requirements

It is Federal Acquisition policy to distribute government spending among available merchants.

Purchases may be made over-the-counter, the-phone, or the internet.



Merchants should be requested not to charge sales tax, unless the merchant's business is in a state that does not afford the federal government a tax-exempt status under its state and local laws.

The Purchase Card account should not to be billed by the merchant until after the material has been shipped.

Avoid back ordering or delivering partial quantities.

If an item is back ordered or a partial quantity accepted, the merchant must agree to only bill for the actual quantity shipped.

Cardholders must obtain documentation from the merchants to support proof of purchase.



## Module Objectives Review

- Understand Purchase Card ethical and legal requirements
- Define authorized use and thresholds
- Review procurement requirements and DON directed procurement policy
- Understand financial management and administrative requirements
- Identify prohibited purchasing actions and improper use
- Review internal controls for purchasing

An improper or prohibited purchase is any purchase that should not have been made or that was outside the Cardholder's delegated authority.

Internal controls are procedures put in place to protect the integrity of the DON Purchase Card program.

These internal controls help to mitigate the risk of Purchase Card abuse and to ensure compliance with policy.

A key internal control is separation of function.



## Module Objectives Review



- Understand Purchase Card ethical and legal requirements
- Define authorized use and thresholds
- Review procurement requirements and DON directed procurement policy
- Understand financial management and administrative requirements
- Identify prohibited purchasing actions and improper use
- Review internal controls for purchasing
- Explain Purchase Card security

The Cardholder must take care to protect not only the physical card but also vital card information.

They must secure all documents that contain card numbers and expiration dates.

Under no circumstances is it acceptable for the Cardholder to loan the Purchase Card to anyone to make purchases.

## Module Two

# Department of the Navy Government Commercial Purchase Card Training (DON GCPC)



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This concludes Module Two of this course.

Return to the main menu and select Module 3 to continue.